

Article 6A.

Cash Management.

**§ 147-86.10. Statement of policy.**

It is the policy of the State of North Carolina that all agencies, institutions, departments, bureaus, boards, commissions, and officers of the State, whether or not subject to the State Budget Act, Chapter 143C of the General Statutes, shall devise techniques and procedures for the receipt, deposit, and disbursement of moneys coming into their control and custody which are designed to maximize interest-bearing investment of cash, and to minimize idle and nonproductive cash balances. This policy shall apply to the General Court of Justice as defined in Article IV of the North Carolina Constitution, the public school administrative units, and the community colleges with respect to the receipt, deposit, and disbursement of moneys required by law to be deposited with the State Treasurer and with respect to moneys made available to them for expenditure by warrants drawn on the State Treasurer. This policy shall include the acceptance of electronic payments in accordance with G.S. 147-86.22 to the maximum extent possible consistent with sound business practices. (1985, c. 709, s. 1; 1999-434, s. 2; 2006-203, s. 120.)

**§ 147-86.11. Cash management for the State.**

(a) Uniform Plan. – The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer, and the State Auditor, shall develop, implement and amend as necessary a uniform statewide plan to carry out the cash management policy for all State agencies. The State Auditor shall report annually to the General Assembly on the implementation of the plan as shown in the audits completed during the prior fiscal year. The State Treasurer shall recommend periodically to the General Assembly any implementing legislation necessary or desirable in the furtherance of the State policy. When used in this section, "State agency" means any agency, institution, bureau, board, commission or officer of the State; however, except as provided in G.S. 147-86.12, 147-86.13, 147-86.14, and 147-86.22, this Article does not apply to the agencies, institutions, bureaus, boards, commissions and officers of the General Court of Justice as defined in Article IV of the North Carolina Constitution or to the local school administrative units and community colleges and their officers and employees.

(b) Duties of Auditor. – The State Auditor pursuant to authority under G.S. 147-64.6 shall monitor agency compliance with this Article, and make any comments, suggestions, and recommendations the Auditor deems advisable to the agencies.

(c) Treasurer's Report. – The State Treasurer shall publish a quarterly report on all funds in the control or custody of the State Treasurer showing cash balances on hand, investments of cash balances and a comparative analysis of earnings and investment performances.

(d) Earnings on Trust Funds. – The statewide cash management plan shall provide that any net earnings on invested funds, whose beneficial owner is not the State or a local governmental unit, shall be paid to the beneficial owners of the funds. "Net earnings" are the amounts remaining after allowance for the cost of administration, management, and operation of the invested funds.

(e) Elements of Plan. – For moneys received or to be received, the statewide cash management plan shall provide at a minimum that:

- (1) Except as otherwise provided by law, moneys received by employees of State agencies in the normal course of their employment shall be deposited as follows:
  - a. Moneys received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G.S. 147-69.3.
  - b. All other moneys received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.
- (2) Moneys received shall be deposited daily in the form and amounts received, except as otherwise provided by statute.
- (3) Moneys due to a State agency by another governmental agency or by private persons shall be promptly billed, collected and deposited.
- (4) Unpaid billings due to a State agency other than amounts owed by patients to the University of North Carolina Health Care System, East Carolina University's Division of Health Sciences, customers of the North Carolina Turnpike Authority, or the North Carolina Department of Transportation shall be turned over to the Attorney General for collection no more than 90 days after the due date of the billing, except that a State agency need not turn over to the Attorney General unpaid billings of less than five hundred dollars (\$500.00), or (for institutions where applicable) amounts owed by all patients which are less than the federally established deductible applicable to Part A of the Medicare program, and instead may handle these unpaid bills pursuant to agency debt collection procedures.
- (4a) The University of North Carolina Health Care System and East Carolina University's Division of Health Sciences may turn over to the Attorney General for collection accounts owed by patients.
- (4b) The North Carolina Turnpike Authority and the North Carolina Department of Transportation may turn over to the Attorney General for collection amounts owed to the North Carolina Turnpike Authority or the North Carolina Department of Transportation.
- (5) Moneys received in the form of warrants drawn on the State Treasurer shall be deposited by the State agency directly with the State Treasurer and not through the banking system, unless otherwise approved by the State Treasurer.
- (6) State agencies shall accept payment by electronic payment in accordance with G.S. 147-86.22 to the maximum extent possible consistent with sound business practices.
- (7) The State Controller may use cash reserved to the Savings Reserve and cash from other funds, including special funds, that is not needed temporarily to meet the cash flow needs of the General Fund, but only to the extent that this authority can be used without jeopardizing the ability of reserves or funds, including special funds, to meet their ongoing obligations. Any cash transferred from reserves or funds, including special funds, shall be fully restored by the end of the fiscal year in which the funds were transferred, and interest shall be paid on

all cash transferred to the General Fund pursuant to this subdivision from interest-bearing accounts.

(f) Disbursement Requirements. – For the disbursement of money, the statewide cash management plan shall provide at a minimum that:

- (1) Moneys deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.
- (2) The order in which appropriations and other available resources are expended shall be subject to the provisions of Chapter 143C of the General Statutes regardless of whether the State agency disbursing or expending the moneys is subject to the State Budget Act.
- (3) Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.
- (4) Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.
- (5) Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due.

(g) Interest Maximized. – The interest earnings of the General Fund and Highway Fund shall be maximized to the extent practicable. To this end:

- (1) Interest earnings shall not be allocated to an account by the State Treasurer unless all of the moneys in the account are expressly eligible by law for receiving interest allocations.
- (2) State officers and employees who received moneys in trust or for investment shall be solely responsible for properly segregating such funds for investment in the manner prescribed by law. The officer or employee charged with the responsibility for these moneys shall be under a duty to segregate the funds in a timely manner. No investment income shall be allocated by the State Treasurer to trust or other investment accounts until properly segregated into investment accounts as provided by law and the rules of the State Treasurer.

(h) New Technologies. – The statewide cash management plan shall consider new technologies and procedures whenever the technologies and procedures are economically beneficial to the State as a whole. Where the new technologies and procedures may be implemented without additional legislation, the technologies and procedures shall be implemented in the plan.

(i) Penalty. – A willful or continued failure of an employee paid from State funds or employed by a State agency to follow the statewide cash management plan is sufficient cause for immediate dismissal of the employee. (1985, c. 709, s. 1; 1985 (Reg. Sess., 1986), c. 1024, s. 26; 1987, c. 564, s. 32; c. 738, s. 59(a)(1); 1991, c. 95, s. 1; c. 542, s. 15; 1999-434, s. 4; 2006-203, s. 121; 2007-306, s. 3; 2012-194, s. 68(b); 2014-100, s. 6.14; 2014-115, s. 58; 2015-241, s. 5.5; 2017-5, s. 6.)

#### **§ 147-86.12. Cash management for school administration units.**

All school administrative units and their officers and employees are subject to the provision of G.S. 147-86.11 with respect to moneys required by law to be deposited with the State Treasurer

and with respect to moneys made available to the school administrative unit for expenditure by warrants drawn on the State Treasurer. (1985, c. 709, s. 1.)

**§ 147-86.13. Cash management for community colleges.**

All community colleges and their officers and employees are subject to the provisions of G.S. 147-86.11 with respect to moneys required by law to be deposited with the State Treasurer and with respect to moneys made available to them for expenditure by warrants drawn on the State Treasurer. (1985, c. 709, s. 1; 1987, c. 564, s. 9.)

**§ 147-86.14. Cash management for the General Court of Justice.**

All agencies, institutions, bureaus, boards, commissions, and officers of the General Court of Justice as defined in Article IV of the Constitution are subject to the provisions of G.S. 147-86.11 with respect to moneys required by law to be deposited with the State Treasurer and with respect to moneys made available to them for expenditure by warrants drawn on the State Treasurer; provided, that the provisions of G.S. 147-86.11 shall not apply to any funds deposited with a clerk of superior court unless the beneficial owner of the funds is either the State or a local governmental unit of the State. (1985, c. 709, s. 1.)

**§ 147-86.15. Cash management of the Highway Fund and the Highway Trust Fund.**

The State Treasurer may combine the balances of the Highway Fund and the Highway Trust Fund for cash management purposes. The State Treasurer may make short-term loans between the Funds to accomplish the purposes of this section. (2001-424, s. 27.23(b).)

**§§ 147-86.16 through 147-86.19. Reserved for future codification purposes.**